

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
Southern Division

2002 APR -8 AM 9:16

U.S. BANKRUPTCY COURT
N.D. OF ALABAMA

In re:

SHOOK & FLETCHER INSULATION CO.

Debtor-in-Possession.

Case No. 02-02771
Chapter 11

02-02771

**EMERGENCY MOTION FOR AN ORDER SETTING
EXPEDITED HEARINGS ON THE DEBTOR'S CRITICAL
OPERATING AND ADMINISTRATIVE MOTIONS, SHORTENING
THE TIME FOR FILING OBJECTIONS AND LIMITING NOTICE**

Shook & Fletcher Insulation Co., the debtor and debtor-in-possession in this case ("Shook" or the "Debtor"), by counsel, hereby moves this Court, pursuant to Rules 9006(c) and 9007 of the Federal Rules of Bankruptcy Procedure, for entry of an order or orders scheduling several hearings on its "First Day" motions, including scheduling an emergency hearing as soon as possible on the most critical operating motions, and providing for shortened objection periods and limiting notice, as described in this emergency motion (the "Motion"). In support of this Motion, Shook relies upon the facts stated in the Declaration of Wayne W. Killion, Jr., Shook's President and CEO (the "Killion Declaration"), which is being filed with this Motion, and respectfully represents:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of this proceeding and this Motion are proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory basis for relief requested herein is 11 U.S.C. § 105 and Federal Rules of Bankruptcy Procedure 9006(c) and 9007.

This Case and Shook's Plan

3. Shook filed this Chapter 11 case on April 8, 2002, to implement its consensual and comprehensive settlement of asbestos-related liabilities. In December 2001, Shook entered into a series of settlement agreements which were designed to resolve all asbestos litigation then pending against it and to provide for fair compensation to present and future injured parties. These agreements contemplated that Shook would prepare, solicit acceptances of and file a prepackaged Chapter 11 plan of reorganization. The Court is respectfully referred to the Killion Declaration, which is incorporated by this reference, for a more detailed discussion of the tort litigation environment Shook was facing, the December 2001 settlements, and Shook's solicitation of acceptances of its prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan").

4. Shook's prepackaged Plan has received overwhelming acceptances from over 66,000 asbestos claimants, and has the support of every principal constituency in this case. Shook wishes to proceed to the Court's consideration of the Plan, and to effectiveness and consummation of the Plan, as promptly as possible.

The Relief Requested In This Motion

5. By this Motion, Shook seeks an order or orders scheduling hearings on an expedited basis and on shortened notice for its critical operating and administrative motions. These First Day motions are intended quickly to stabilize Shook's business operations in Chapter 11 and to provide the basis for moving promptly toward confirmation of the Plan.

6. Shook proposes that its First Day motions be considered in three phases. The most critical operating motions – those seeking authority to pay pre-petition payroll and pre-

petition trade claims, and providing for continued access to the funds necessary for Shook to operate -- are in the first phase, for which Shook requests an emergency hearing. First Day motions in the second phase are focused upon quickly establishing the administrative framework to move this case forward efficiently; Shook seeks a hearing on these motions within the next week. The third phase would conclude the "First Day" process by providing for final cash collateral and post-petition financing orders, and for extensions of relevant deadlines (to assume or reject leases and to remove pending litigation) until confirmation. Shook requests that a hearing on this third group of motions be set for 15 to 20 days after the petition date. Each of these proposed phases and the specific motions Shook requests be heard are described below.

The Emergency Operating Motions

7. The most important First Day motions are those necessary to ensure that Shook's employees continue to be paid for their work, that Shook pay its trade creditors to minimize disruption to its business operations, and that the financing and cash management systems necessary to pay these amounts and other administrative expenses are quickly approved. Shook therefore requests that the following motions be heard at an emergency hearing to be scheduled as soon as possible:

- a. Motion for Authority to Pay Pre-petition Wages and Benefits to Employees;
- b. Motion for Authority to Pay Pre-Petition Trade Claims in the Ordinary Course of the Debtor's Business;
- c. Motion for Authority to Use Cash Collateral and to Obtain Secured Credit from SouthTrust Bank (interim order);
- d. Motion for Authority to Use Cash Collateral and to Obtain Subordinated Secured Credit from Shook & Fletcher Supply Co. (interim order);
- e. Motion for Authority to Maintain Pre-petition Bank Accounts and Cash Management System; and

f. Motion for Order Limiting Notice and Service of Pleadings to Designated Parties and Representatives.

8. The first five motions listed above are critical to Shook's continued, uninterrupted operations. Shook employs almost 300 individuals, including a number of insulation installers and other union laborers. The granting of these motions would protect Shook's employees from unnecessary disruption in pay, and would allow Shook to sustain the excellent relationship with its employees that Shook has always enjoyed. Shook's hourly employees are paid on a weekly basis each Wednesday, for the work week ending the prior Sunday night. Accordingly, payroll for hourly employees through April 7, 2002 is planned to be paid through payroll checks distributed on Wednesday, April 10, 2002. As a result, a hearing as soon as possible is necessary to protect these hourly-basis employees from disruption of their regular receipt of their weekly wages.

9. The sixth emergency motion, listed in paragraph 7.f. above, seeks an order establishing a "short list" for notices and service of pleadings. Shook proposes that pleadings filed by any party-in-interest in this case be served upon each of the following: (i) counsel for Shook; (ii) the Futures Representative and his counsel, (iii) the members of the pre-petition Unofficial Committee of Asbestos Claimants, (iv) counsel for Shook's secured lenders (SouthTrust Bank, AmSouth Bank of Alabama, and Shook & Fletcher Supply Co.); (v) counsel for certain other parties-in-interest who participated in the pre-petition settlement agreements (Hartford Insurance Company, the Center for Claims Resolution, and Shook's shareholders); and (vi) the Bankruptcy Administrator for this District (collectively, the "Service List"). In addition, any party filing a pleading seeking relief directly against any other person or entity not on the Service List would also be required to serve such pleading upon each person or entity against whom or which relief is sought. Shook asks that this motion be considered on an emergency

basis, so that proper notice and service of the remaining First Day motions and notices of future hearings relating to these motions can be assured.

Expedited Hearing On Critical Administrative Motions

10. In addition to an emergency hearing on the motions listed in paragraph 7, Shook seeks shortened notice periods for a hearing within the week on its critical administrative motions. This second group of motions is focused upon quickly establishing fair and efficient procedures for moving this Chapter 11 case to a prompt conclusion. Shook seeks an expedited hearing on the following administrative motions and applications:

- a. Motion for An Order (i) Scheduling a Combined Hearing on Approval of the Disclosure Statement and Solicitation Procedures, and to Consider Confirmation of the Prepackaged Plan Of Reorganization, (ii) Establishing Deadlines and Procedures for Filing Objections to the Adequacy of the Disclosure Statement and Solicitation Procedures or Confirmation of the Plan, and (iii) Approving Form and Manner of Notice of Confirmation Hearing;
- b. Motion to Approve Notice Procedures for Individual Asbestos Claimants
- c. Motion for Entry of an Order Appointing a Legal Representative for Purposes of Section 524(g) of the Bankruptcy Code;
- d. Motion for Extension of Time to File Schedules of Assets and Liabilities and Statement of Financial Affairs; and
- e. Consideration (on an interim basis) of Shook's Applications to Employ Swidler Berlin Shereff Friedman, LLP and Lange Simpson Robinson & Somerville LLP as Bankruptcy Counsel.

11. The foregoing motions are important to the effective and efficient administration of this Chapter 11 case, and will assist Shook and its creditors in promptly obtaining confirmation and implementing the prepackaged Plan, on which they have worked diligently over the past many months.

12. Shook further respectfully requests that the Court shorten the period for filing objections to these administrative motions such that objections, if any, must be filed with the

Court and served on counsel on the Service List by facsimile or otherwise so as to be received by such counsel by 1:00 p.m. Central Time on the business day before the hearing scheduled on these motions.

Final "First Day" Motions

13. Finally, Shook respectfully requests that the Court schedule a hearing on the remaining First Day motions listed below. Shook respectfully suggests that such a hearing be set for 15 to 20 days after the Petition Date, such that the time periods specified under Bankruptcy Rules 4001(b)(2) and (c)(2) for entry of final orders regarding the use of cash collateral and post-petition financing will be satisfied. This third group of First Day motions consist of the following:

- a. Motion for Authority to Use Cash Collateral and to Obtain Secured Credit From SouthTrust Bank (final order);
- b. Motion for Authority to Use Cash Collateral and to Obtain Subordinated Secured Credit from Shook & Fletcher Supply Co. (final order);
- c. Motion for Entry of an Order Extending the Time for Debtor to Assume or Reject Unexpired Leases of Non-residential Real Property; and
- d. Motion for Order Extending the Time Within Which the Debtor May File Notices of Removal of Pending Actions.

14. Shook further respectfully requests that the Court shorten the period for filing objections to these final First Day motions, such that objections, if any, must be filed with the Court and served on counsel on the Service List by facsimile or otherwise so as to be received by counsel by 1:00 p.m. Central Time on the third business day before the hearing scheduled on these motions.

15. On the Petition Date, Shook served copies of the motions itemized in paragraphs 7, 10 and 13, along with a copy of this Motion, upon the parties on the Service List by hand delivery (if located in Birmingham, Alabama) and by overnight mail (if located outside of

Birmingham, Alabama). In accordance with Bankruptcy Rules 4001(b)(1) and (c)(1), the Cash Collateral and DIP financing motions also were served by first class mail upon the parties listed on Shook's List of Twenty Largest Unsecured Creditors. In addition, the motion noted in paragraph 13.d., seeking additional time to assume or reject leases, also has been served by first class mail upon the landlords under such leases. Shook submits that such notice is appropriate in these circumstances and constitutes good and sufficient notice for entry of orders granting the relief requested in each of these motions.

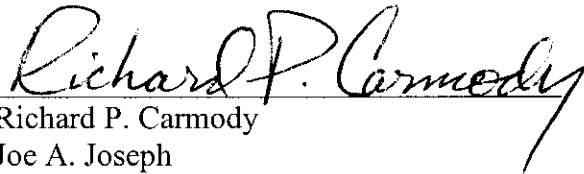
Grounds for Relief

16. Bankruptcy Rule 9006(c) provides that the Court, for cause shown, may in its discretion, with or without notice, reduce the notice period normally required for motions such as Shook's First Day motions. Bankruptcy Rule 9007 provides the Court with broad discretion to regulate the time, form and manner of notices. For the reasons set forth above and in each respective First Day motion, an emergency or expedited hearing is necessary (i) to avoid immediate and irreparable harm to the estate; (ii) to preserve the good-will achieved among Shook and its creditor constituencies through arduous pre-petition negotiations which resulted in the prepackaged Plan; and (iii) to move this case forward to confirmation quickly and efficiently. Based upon the foregoing, Shook respectfully submits that the Court has cause to set the above matters for emergency or expedited hearing, as appropriate, and to reduce the notice periods accordingly.

17. No trustee, examiner or official creditors' committee has been appointed in this case. This Motion has, however, been served in the manner described above upon the parties on the proposed Service List. Given the nature of the relief requested in this Motion, Shook respectfully submits that no further notice is necessary.

WHEREFORE, Shook respectfully requests that the Court enter its order or orders scheduling (i) an emergency hearing as soon as possible after the Petition Date to consider the emergency operating motions, (ii) an expedited hearing on or before the seventh day after the Petition Date with respect to the administrative motions, and (iii) a final First Day hearing on or before the twentieth day after the Petition Date with respect to the final First Day motions, and reducing the objection and notice periods for each of the First Day motions accordingly, and granting such other and further relief as this Court deems just and proper.

Respectfully submitted,



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April 8, 2002

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
Southern Division**

In re:

SHOOK & FLETCHER INSULATION CO.

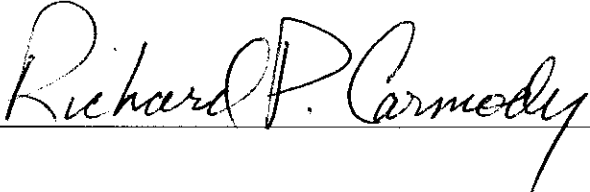
Debtor-in-Possession.

Case No. _____

Chapter 11

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8th day of April, 2002, I caused a copy of the foregoing Emergency Motion for an Order Setting Expedited Hearings on the Debtor's Critical Operating and Administrative Motions, Shortening the Time for Filing Objections and Limiting Notice, and the proposed Order submitted therewith, to be served upon the parties on the attached Service List in the manner indicated.



**Shook & Fletcher Insulation Co.
Attachment to Certificate of Service**

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* Parties designated with an asterisk were served by hand-delivery. All other parties were served by overnight mail.